



NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY
WESTERN DISTRICT OF MISSOURI

TODD P. GRAVES

Contact Don Ledford, Public Affairs • (816) 426-4220 • 400 East Ninth Street, Room 5510 • Kansas City, MO 64106

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FOR IMMEDIATE RELEASE

JURY CONVICTS KC MAN FOR FILING FALSE TAX RETURN

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a Kansas City, Mo., man was convicted by a federal trial jury today for filing a false tax return.

Donald Ray Hannah, 49, of Kansas City, was found guilty of filing a false tax return by failing to claim \$1.7 million in taxable income.

Following the presentation of evidence in **Hannah's** trial, the jury in U.S. District Court in Kansas City deliberated about one and a half hours before returning the guilty verdict to U.S. District Judge Howard F. Sachs, ending a trial that began Monday.

Hannah failed to report as income on his individual income tax return for 1997 approximately \$1.7 million of long-term capital gain received by Millstone Waterways, Inc., for the sale of the Millstone Marina at Lake of the Ozarks in 1997. Millstone Waterways is a subchapter S corporation wholly owned by **Hannah**.

That long-term capital gain was required to be reported by Millstone as capital gain, Graves explained, and should have passed through from the corporation to **Hannah's** individual income tax return as capital gain and income. The gain was not reported on **Hannah's** return.

Under federal statutes, **Hannah** could be subject to a sentence of up to three years in federal prison without parole, plus a fine up to \$250,000 and an order of restitution. A sentencing hearing will be scheduled after the completion of a presentence investigation by the United States Probation Office.

This case is being prosecuted by Deputy U.S. Attorney Tom Larson and Assistant U.S. Attorney Frances Reddis. It was investigated by IRS - Criminal Investigation.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

www.usdoj.gov/usao/mow